

COMMONWEALTH OF VIRGINIA
VIRGINIA EMPLOYMENT COMMISSION

WORKFORCE INVESTMENT ACT

FIELD GUIDANCE MEMORANDUM # 05-09

TO: LOCAL WORKFORCE INVESTMENT BOARDS

FROM: WIA DIVISION

SUBJECT: LOCAL AREA INCUMBENT WORKER TRAINING SERVICE PROVISIONS

DATE: March 31, 2006

PURPOSE

The purpose of this memo is to provide guidance on the application of Policy 02-04 Revision #1, titled “ Existing Worker Strategy”, which became effective on December 6, 2005. Specifically, this guidance will describe the requirements and process of application of the waiver issued by the Department Of Labor Employment and Training Administration to spend up to 25 percent of Adult and Dislocated Worker funds allocated to a local area to carry out Incumbent Worker Training Initiative (IWTI) activities.

INCUMBENT WORKER DEFINITION

For purposes specific to this Field Guidance Memorandum (FGM), an **Incumbent Worker (IW)** is a worker who is; currently on the payroll of the applicant employer; 18 years old and above; legally authorized to work in the United States; and has complied with Selective Service provisions.

BACKGROUND

Section 665.200-220 of the Federal Register outlines the use of local funds for certain Statewide activities for Adults and Dislocated Workers. Virginia requested a waiver to allow local workforce investment boards, upon request and approval by the Governor, to designate up to 25% of their local adult and dislocated worker allocation to carry out IWTI activities at the local level. The waiver was subsequently approved on August 3, 2005 by the U.S. Department of Labor Employment and Training Administration. This waiver removes the current provision

that allows only Statewide funds to be used for incumbent worker training. On December 6, 2005 the Virginia Workforce Council adopted Revision #1 to Policy 02-04 to integrate the waiver provisions into the Existing Worker Strategy policy.

GUIDANCE

1. **Read state WIA Policy 02-04, Revision #1, which was implemented by the Virginia Workforce Council on December 06, 2005.**
2. The Workforce Investment Board (WIB) must prepare and submit to the state WIA Division Director's office for review and approval a Local Workforce Investment Act (LWIA) plan revision creating a local incumbent worker training program. The revised plan must address the following:
 - ✓ The LWIA focus for IW activities, including;
 - Description of IW retraining activities and services
 - Target number of Employers and IWs
 - Projected impact of IWTI activities on the LWIA's strategic goals
 - Identify demand or growth occupations in the LWIA that will be supported by the IWTI
 - Projected outcomes and method of achievement
 - ✓ Determine the budget amount necessary to support the IWTI.
 - ✓ Describe impact of IWTI budget to any Priority of Service policy that the LWIA may have implemented.
 - ✓ Document whether the locality is leveraging additional funds from other state, federal, and private resources in addition to WIA Title I funds.
3. Once a plan has been approved and a budget amount has been designated, determine the funding sources that will be used to support the IWTI. For WIA Title 1 local formula funds:
 - a. Determine amount of Adult funds that will be designated as IWTI funds. **(No more than 25% of any program year's combined adult and Dislocated Worker allocation).**
 - b. Note that dislocated worker funds cannot directly be used for the IWTI. Should the WIB decide to do so, dislocated worker program allocation may be transferred to adult worker funds and then be designated as IWTI funds. Such transfer shall be in accordance with the guidelines set forth in WIA Field Guidance Memorandum #02-04.
 - c. Ensure compliance with any Priority of Service policy that the Local Workforce Investment Board may have implemented in compliance with Policy Number 03-03, Revision #1 dated July 21, 2003.
4. When a plan revision is approved, the VEC-WIA Division will notify the LWIA and the VEC-Finance Division. The VEC-Finance Division will then provide a supplemental reporting form and requirements for the LWIA to report IWTI expenditures. In addition to meeting supplemental reporting requirements, LWIA should also report costs of IWTI activities as Adult expenditures in the LWIA's monthly WIA Expenditure Summary.
5. Develop the LWIA's IWTI policy statement. Include guidelines on any funding limitations, characteristics/eligibility requirements, priority of employers to serve,

method of determining the necessity and reasonableness of cost for each IWTI application. Also, include procedures for oversight and evaluation.

6. Develop an IWTI Employer application. The application form should request information from employer that would ensure proper determination of employer and IW training eligibility. Information that must be included is:
 - ✓ Documentation that the employer has assessed the prospective incumbent worker(s) and has determined a need for education/training/retraining to meet the documented business skill needs of the employer. The eligibility guidelines are defined in Policy 02-04, Revision #1, dated 12/06/05, under the Local Incumbent Worker Training Eligibility and Local Incumbent Worker Training Qualifications Process sections.
 - ✓ Type of training to be provided, training provider, and projected training period.
 - ✓ Documentation of employer intent to continue to employ all incumbent workers upon their successful completion of specified training.
 - ✓ Training cost, including documentation of a minimum 50/50 employer matching contribution. This may include the dollar value of employer in-kind contributions. In-kind contributions are defined (see 29 CFR 97.24 and 95.23) as “The value of third party in-kind contributions applicable to the period to which the cost sharing or matching requirements applies”, such as third party donations of goods, services, or volunteer time. An example of an in-kind contribution is; an employer wishes to use a van donated to them, to provide incumbent worker transportation to a training facility as a source to fund the matching cost requirement.
 - The cost matching must comply with the “Qualifications and exceptions” section of 29CFR97.24.
 - Proposed training costs must be reasonable and necessary and clearly relate to the purposes and activities of the project as described.
 - IWTI program funds are not intended to supplant training normally provided by employers.
7. Conduct a “Pre-Award Review” with each Employer applicant to ensure that eligibility requirements as established in Policy 02-04, Revision #1, are met, and ensure understanding of guidelines and expected outcomes. Establish projected dates for attainment of outcomes. This review should also be used to ensure there is no violation of any WIA prohibitions.
8. Submit approved employer and IW information to the state WIA Division office.

TYPES OF TRAINING AVAILABLE

Training activities under the IWTI program may include **but not limited** to the following:

- * Occupational Skills Training designed to meet the special requirements of a business or a group of businesses, and is conducted with employer commitment to continue to employ all participants in the IWTI program upon successfully completing their training. It is a training instruction conducted in an institutional setting or worksite setting designed to provide or upgrade individuals with technical skills and information required to perform a specific job or groups of jobs such as auto mechanics, health services, or clerical training, etc.

- * Skill Upgrading and Retraining – training provided to individuals whose skills have been rendered obsolete or outdated by the development of new technologies or processes. Retraining is provided to those individuals whose skills are not transferable and require new skills set to maintain or obtain employment.
- * Literacy Activities related to Basic Work Readiness – an activity that provides an employee with basic literacy skills that will enable them to compete for different Virginia employment opportunities. Activities included here would be remedial in nature and may not result in a diploma or equivalency.
- * Job Readiness Training or Work Readiness training – training on the essentials of maintaining a job. May include employee training in the areas of time management, developing good work habits, social skills and employer expectations.
- * On-the-Job Training – training by an employer that is provided to a paid participant while engaged in productive work in a job that:
 - (1) Provides knowledge or skills assessment to the full and adequate performance of the job;
 - (2) Provides reimbursement to the employer of up to 50% of the wage of the participant, for extraordinary costs of providing the training and additional supervision related to the training, and;
 - (3) Is limited to the period of time required for a participant to become proficient in the occupation for which the training is being provided. In determining the appropriate length of the contract, consideration must be given to the skills requirements of the occupation, the academic and occupational skill level of the participant, prior work experiences, and the participant’s individual service plan.
- * Customized Training – training that is designed to meet the special requirements of an employer (including a group of employers).

Training services may be provided through Virginia’s community colleges, school districts, area vocational-technical centers, state universities, licensed and certified post secondary private institutions and from subject matter experts, consultants, or trainers from the applying business. Employers are encouraged to use the State approved Eligible Training Providers List, Workforce Access Program and Fund Providers List or outside private trainers to identify potential training providers. Training can be conducted at the business’ own facility, at the training provider’s facility or at a combination of sites.

The following guidelines provide information on reimbursable and non-reimbursable training costs:

Reimbursable Training Costs:

Instructors/trainers salaries

Tuition and fees

Training materials and training supplies

Textbooks/manuals

Training certifications, certificates, licenses and credentials must be described if an associated cost is in the budget

Training related software and technology

Training related equipment

Travel

Non-Reimbursable Training Costs:

Employee wages (except during On-the-Job Training (OJT) where 50% of the employees wages are subsidized)

Employee fringe benefits

Broker compensation

Costs incurred prior to the approval date of the application

Capital improvements and purchase of real estate, to include the construction or renovation of facilities or buildings

Business relocation expenses

Employment or training in sectarian activities

Travel outside of contiguous United States

Curriculum design and/or training program development

Costs associated with bringing a trainer into the country

General office supplies

Non-personnel service costs, i.e. postage and photocopying

Company website design and development, website hosting, and maintenance, software upgrade, advice on computer selection for purchase and upgrade

GOALS AND EXPECTED PROGRAMMATIC OUTCOMES

The local activity fund designation would allow local boards to implement innovative incumbent worker training programs consistent with how the State is able to conduct such activities under Section 134 of the WIA and 665.200-220 of the Final Regulations.

The goal of this waiver is to allow Local Workforce Investment Boards (LWIBs) some flexibility, if determined necessary to be more responsive to the needs of the employer community in providing educational and skills training for existing workers. The Incumbent Worker Training program should be structured to meet the businesses' training objectives by enhancing the skills of existing employees, resulting in increased employee productivity and potential company growth. Likewise, Incumbent Workers develop portable skills that benefit their employers, facilitate transition between jobs, and enhance their potential for increased earnings. Prospering businesses combined with a highly skilled workforce greatly contribute to a successful and thriving economy.

Although incumbent worker activities in Virginia are viewed as business and employer services, to the extent local programs provide WIA funding to train and/or retrain workers, the following WIA performance standards apply:

1. Local Incumbent Workers will be included in the area's adult retention standard.
2. Local Incumbent Workers will be included in the area's adult earnings change/wage replacement standard.

3. Local Incumbent Workers will be included in the area's employment and credential standard.

Local areas may also implement their own performance measures.

Training outcomes must demonstrate the effect of the training on business operations and identify the transferable skills acquired by the Incumbent Worker.

Participants in the IWTI program must be entered into the Virginia Workforce Network Information System.

➤ **Program Eligibility** – An Incumbent worker's Eligibility/Registration will be processed through the WIA Adult Program. While completing the WIA Adult program application, the staff will indicate that this client is (participating/Registering) as part of the IWTI program by answering yes to both the Employed and Incumbent Worker Questions presented within the application. Upon indicating that the individual is an incumbent worker, the staff will be asked to indicate the Employer to which the client is attached by selecting the employer's name from a list of approved employers.

➤ **Services** – Since the IWTI program participant will be served through the WIA Adult program, the individual will also be subject to the normal prerequisite structure regarding the provision of services. The individual must receive at least one core and one intensive service prior to receiving any training service. Given the processing of these individuals, it has been determined that the Employer's Assessment of this individual would meet the Core and Intensive service requirement. Upon receipt of the Employer's Documentation verifying the provision of such assessment and Registering the individual in the WIA Adult program, the staff would enter the following three WIA Adult Services in the Job seeker service screen:

1. Staff Assisted Services (Core) - check box #033 (Referral to Training)
2. Staff Assisted Services (Intensive) - check box #060 (Comprehensive Assessment)
3. Staff-Assisted Services (Training) – check the appropriate box(s)

When the local area submits the approved employer and IW information to the state WIA Division office, a worksheet will be provided for use as an additional tool to document and track program participants and costs, as well as any additional local performance outcomes.

CONTACT

For further guidance you may contact George N. Taratsas, Senior Planner, VEC –WIA Division, at (804) 786-4192, or George.Taratsas@vec.virginia.gov.